

Message Text

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44

ACTION EB-07

INFO OCT-01 ARA-06 ISO-00 SSO-00 NSCE-00 USIE-00 INRE-00

CIAE-00 DODE-00 PM-03 H-01 INR-05 L-02 NSAE-00 NSC-05

PA-01 RSC-01 PRS-01 SP-02 SS-15 CAB-02 COME-00

DOTE-00 FAA-00 TRSE-00 /052 W

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O 131700Z DEC 74

FM AMEMBASSY LA PAZ

TO SECSTATE WASHDC IMMEDIATE 5088

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E.O. 11652: N/A

TAGS: EAIR, BL

SUBJ: CIVAIR: BRANIFF TALKS

REF: (A) LA PAZ 7696 (B) STATE 271022

1. LOCAL BRANIFF MANAGER QUIROGA HAS INFORMED US THAT COMPANY IS NEGOTIATING WITH BOLIVIAN CIVIL AIR AUTHORITIES AND OFFICIALS LLOYD AEREO BOLIVIANO (LAB) TO OBTAIN THEIR SUPPORT IN LANDING PERMIT TALKS DUE TO OPEN MONDAY, DECEMBER 16. QUIROGA NOW OPTIMISTIC THAT ARRANGEMENT WILL BE WORKED OUT BEFORE TALKS BEGIN.

2. QUIROGA REPORTED THAT LAB AT FIRST REQUESTED TECHNICAL ASSISTANCE AND SALE OF BRANIFF 727 AT 50 PERCENT COST ON CONCESSIONAL TERMS. AS "COMPENSATION" FOR LAB'S INABILITY TO EXERCISE FOURTH AND FIFTH FREEDOM RIGHTS UNDER BILATERAL, BRANIFF HAD ALREADY CONTEMPLATED WIDE NUMBER OF ASSISTANCE MEASURES AND RESPONDED RE AIRCRAFT WITH OFFER TO SELL USED 727 - 100 AT MARKET PRICE OF \$3 MILLION WITH 25 PER CENT DOWN AND 75 PER CENT PAID OVER 53 MONTHS WITH 7 PER CENT INTEREST. BRANIFF MADE CLEAR THAT THIS COULD NOT BE CONSIDERED COMPENSATION. FOR ITS PART, LAB INDICATED IT WOULD
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RESERVE RIGHT LATER TO DEMAND IT. LAB RESPONDED TO OFFER

OF AIRCRAFT BY STATING THAT IT HAD JUST PURCHASED TWO F-27S
OUT OF CASH FLOW AND THEREFORE COULD ONLY PAY 10 PER CENT
DOWN ON 727. QUIROGA CONCLUDED, STATING UNDERSECRETARY FOR
CIVIL AIR CASANOVAS AND LAB PRESIDENT PATINO FLEW TO LIMA
EVENING DECEMBER 12 TO BRING THIS COUNTER OFFER TO BRANIFF
VICE PRESIDENT JOSEPH MC CORMACK WHO NOW IN LIMA.

3. ON TAX PROBLEM, QUIROGA HAS TOLD US BRANIFF WILL PAY
BACK 20 PESO TAX TODAY, DECEMBER 13, BUT PAYMENT WILL BE
ACCOMPANIED BY LETTER STATING ITS LEGAL OBJECTIONS.
EMBASSY SENDING FON OFF NOTE TODAY PLACING ON RECORD USG
VIEW THAT TAX DISCRIMINATORY AND REQUESTING ACTION BE
TAKEN TO CORRECT SITUATION.
STEDMAN

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Message Attributes

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Disposition Approved on Date:
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Disposition Date: 28 MAY 2004
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Disposition Reason:
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30 JUN 2005

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